

**04H
INSURANCE
COMPARISON OF BUDGETED FISCAL YEAR 2001-2002
TO TOTAL RECOMMENDED FISCAL YEAR 2002-2003
(INCLUSIVE OF DOUBLE COUNTED EXPENDITURES)**

Means of Financing & Table of Organization	As of 12-20-01 Existing Operating Budget 2001-2002	Total Recommended 2002-2003	Total Recommended Over/(Under) E.O.B.
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GRAND TOTAL DEPARTMENT OF INSURANCE	General Fund	\$0	\$0	\$0
	Interagency Transfers	\$0	\$0	\$0
	Fees and Self Gen.	\$19,780,135	\$19,956,130	\$175,995
	Statutory Dedications	\$776,192	\$876,352	\$100,160
	Interim Emergency Bd	\$0	\$0	\$0
	Federal	\$208,768	\$201,878	(\$6,890)
	TOTAL	\$20,765,095	\$21,034,360	\$269,265
	T. O.	272	260	(12)

165 - Commissioner of Insurance

> **ADMINISTRATION/FISCAL PROGRAM:** Administers and enforces the provisions of the Louisiana Insurance Code; responds to public information requests; monitors the effectiveness or weakness of the department's internal controls via internal audit; and assists small, minority, and disadvantaged agents and agencies to increase their knowledge of and participation in the industry. Also, manages the department's human, fiscal, property, and information systems resources and provides administrative services to the entire department.

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$3,640,451	\$4,582,587	\$942,136
Statutory Dedications	\$30,000	\$30,000	\$0
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$0	\$0	\$0
TOTAL	\$3,670,451	\$4,612,587	\$942,136
T. O.	66	63	(3)

MAJOR CHANGES FROM EXISTING OPERATING BUDGET

Non-Recurring Acquisitions and Major Repairs Adjustment (-\$326,295 Fees and Self-generated Revenues)

Maintenance of State Owned Buildings (\$737,593 Fees and Self-generated Revenues)

Funding transferred from the Market Compliance Program to provide for maintenance services for the information system (\$328,085 Fees and Self-generated Revenues)

Funding provided for Capitol Security (\$76,299 Fees and Self-generated Revenues)

Total Personal Services - Funding adjustment necessary to ensure adequate funding of salaries, other compensation, and related benefits, with attrition, of 63 net recommended positions. This includes a Gubernatorial reduction of 3 positions. The recommendation also includes a statewide adjustment for group benefits (\$64,134 Fees and Self-generated Revenues)

Funding provided to replace the information system infrastructure (\$62,025 Fees and Self-generated Revenues)

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	Existing Operating Budget 2001-2002	Total Recommended 2002-2003	

OBJECTIVE: Through the Office of the Commissioner, to retain accreditation by the National Association of Insurance Commissioners (NAIC).

PERFORMANCE INDICATOR:

Percentage of accreditation of department by NAIC retained

100%	100%	0%
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OBJECTIVE: Through the Internal Audit Division, each fiscal year, to identify the adequacy or weakness of the department's internal audits and assure that there are no repeat findings in the annual legislative auditor's reports.

PERFORMANCE INDICATOR:

Number of repeat findings in annual legislative auditor's report

0	0	0
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> **MARKET COMPLIANCE PROGRAM:** Regulates the insurance industry in the state by analyzing and examining regulated entities, licensing entities engaged in the insurance business, and ensuring that rates charged are not excessive or inadequate, or unfairly discriminatory. Also provides legal representation to the department in regulatory matters, promulgates rules and regulations, and sets policies; and procedures; oversees, with court approval, the liquidation of companies placed in receivership and sees to the distribution of the assets among the companies creditors, including the Louisiana Insurance Guaranty Association (LIGA) and the Louisiana Life and Health Insurance Guaranty Association (LLHIGA); and investigates reported instances of suspected insurance fraud.

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$16,139,684	\$15,373,543	(\$766,141)
Statutory Dedications	\$746,192	\$846,352	\$100,160
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$208,768	\$201,878	(\$6,890)
TOTAL	\$17,094,644	\$16,421,773	(\$672,871)
T. O.	206	197	(9)

MAJOR CHANGES FROM EXISTING OPERATING BUDGET

Total Personal Services - Funding adjustment necessary to ensure adequate funding of salaries, other compensation, with attrition of 197 net recommended positions. This includes a Gubernatorial reduction of 9 positions. (-\$450,033 Fees and Self-generated Revenues)

Net Acquisitions and Major Repairs Adjustment (-\$217,529 Fees and Self-generated Revenues; \$10,000 Statutory Dedications; TOTAL -\$207,529)

Funding transferred from the Market Compliance Program to the Administrative Program to provide for maintenance services for the information system and for the development of a model insurance plan for uninsured individuals (-\$328,085 Fees and Self-generated Revenues)

Means of finance substitution - Replace Fees and Self-generated Revenues with Statutory Dedications - Administrative Fund to fully fund the Health Insurance Portability and Accountability Act (HIPPA) due to increase in the assessment rate from 2/100ths of 1% to 5/100ths of 1% of premiums per Act 63 of the 2001 Regular Legislative Session (-\$119,364 Fees and Self-generated Revenues; \$119,364 Statutory Dedications)

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Non-recurring carry forward of contracts that were not completed prior to July 1, 2001 to assist the department with actuarial phase of triennial examination of LA domestic insurance companies (-\$95,567 Fees and Self-generated Revenues; -\$6,890 Federal Funds; TOTAL -\$102,457)

Means of finance substitution - Replace Statutory Dedications - Insurance Fraud Fund with Fees and Self-generated Revenues per Act 369 of the 2001 Regular Legislative Session to exempt crop and livestock insurance and federal flood insurance from the Insurance fees (\$29,204 Fees and Self-generated Revenues; -\$29,204 Statutory Dedications)

OBJECTIVE: Through the licensing division, to oversee the licensing of producers (formerly agents, brokers, solicitors) in the state, and to work with the Information Technology division to effect a smooth transition to the E-commerce environment.

PERFORMANCE INDICATORS:

Number of new producer licenses issued
 Number of producer license renewals processed
 Number of company appointments processed

15,700	7,500	(8,200)
29,090	16,000	(13,090)
277,720	137,500	(140,220)

OBJECTIVE: Through the Company Licensing Division, to review company applications and filings within an average of 120 days.

PERFORMANCE INDICATORS:

Percentage of company filings and applications processed during the fiscal year in which they are received
 Average number of days to review company filings and applications

85%	85%	0%
120	120	0

OBJECTIVE: Through the Office of Financial Solvency, to monitor the financial soundness of regulated entities by performing examinations (according to statutorily mandated schedules) and financial analysis each fiscal year.

PERFORMANCE INDICATORS:

Number of market conduct examinations performed
 Percentage of market conduct examinations performed as a result of complaints
 Percentage of domestic companies examined (financial)
 Percentage of domestic companies analyzed (financial)

23	30	7
35%	33%	-2%
25%	18%	-7%
100%	100%	0%

OBJECTIVE: Through the Insurance Premium Tax and Surplus Lines Tax Division, to initiate collection procedures on all insurance premium taxes and related penalties owed the state for the fiscal year.

PERFORMANCE INDICATORS:

Additional taxes and penalties assessed as a result of examinations/audit (in millions)
 Percentage of surplus lines brokers examined

\$1.00	\$1.00	\$0.00
20%	20%	0%

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OBJECTIVE: Through the Consumer Affairs Division, conclude investigations of Property and Casualty (P&C) related complaints within an average of 90 days.

PERFORMANCE INDICATORS:

Average number of days to conclude a P&C complaint investigation

Amount of claim payments and/or premium refunds recovered for P&C complaints

90	90	0
\$2,500,000	\$2,700,000	\$200,000

OBJECTIVE: Through the Policy Forms Review Division, review and approve or disapprove Property and Casualty (P&C) contract/policy forms within an average of 105 days.

PERFORMANCE INDICATORS:

Average number of days to process P&C contract/policy forms

Percentage of P&C contract/policy forms approved

90	105	15
50%	35%	-15%

OBJECTIVE: Through the Consumer Affairs Division, to assist consumers by investigating complaints against Life and Annuity (L&A) producers and companies.

PERFORMANCE INDICATORS:

Average number of days to investigate to conclusion a L&A complaint

Amount of claim payments premium refunds recovered for complainants

99	99	0
\$850,000	\$850,000	\$0

OBJECTIVE: Through the Life and Annuity (L&A) Contract/Policy Forms Review Division, review and approve or disapprove Life and Annuity contract/policy forms within an average of 30 days during the fiscal year.

PERFORMANCE INDICATORS:

Percentage of L&A contract/policy forms approved

Average number of days to process L&A contract/policy forms

60%	60%	0%
40	30	(10)

OBJECTIVE: Through the Fraud Division, to reduce incidences of insurance fraud in the state.

PERFORMANCE INDICATORS:

Percentage of initial claim fraud complaint investigations completed within 10 working days

Percentage of background checks completed within 15 working days

80%	85%	5%
80%	85%	5%

OBJECTIVE: Through the Quality Management Division of the Office of Health Insurance, to investigate to conclusion consumer health-insurance related complaints.

PERFORMANCE INDICATORS:

Average number of days to investigate to conclusion a consumer health complaint

Amount of claim payments premium refunds recovered for health coverage complainants

90	120	30
\$1,500,000	\$1,666,667	\$166,667

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OBJECTIVE: Through the Contract/Policy Forms Review Section of the Quality Management Division of the Office of Health, to review Health-related contract/policy forms, advertising and rates, and approve or disapprove them per applicable laws, rules, and regulations.

PERFORMANCE INDICATORS:

Average number of days to process health contract/policy forms, advertising and rates
 Percentage of health contract/policy forms advertising and rates approved

60	45	(15)
50%	50%	0%

OBJECTIVE: Through the Health Quality Assurance Division, Medical Necessity Review Organizations (MNROs) Section, oversee the licensing and examination of MNROs and handle MNRO-related consumer complaints.

PERFORMANCE INDICATORS:

Number of MNROs examined
 Number of MNRO complaints investigated to conclusion
 Average number of days to investigate MNRO claim to conclusion

0	0	0
500	500	0
90	90	0

OBJECTIVE: Through the Senior Health Insurance Information Program (SHIIP), to provide services and information about insurance and related subjects (Medicare, for example) to senior citizens throughout the state.

PERFORMANCE INDICATORS:

Estimated savings to counseled senior health clients
 Number of inquiries handled and home-site counseling services provided

\$1,000,000	\$1,000,000	\$0
8,500	18,000	9,500

OBJECTIVE: Through the Office of Receivership, to bring court approved closure of all estates of companies in receivership at beginning of Fiscal Year 2001 by the end of Fiscal Year 2008, and to bring to court-approved closure within five years of their being placed in receivership all companies newly placed in receivership (after 7/1/01).

PERFORMANCE INDICATORS:

Number of companies brought to final closure
 Total recovery of assets from liquidated companies

5	5	0
\$13,604,804	\$6,785,000	(\$6,819,804)

TOTAL COMMISSIONER OF INSURANCE

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$19,780,135	\$19,956,130	\$175,995
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